



**SAN LUIS OBISPO
LOCAL AGENCY FORMATION COMMISSION
MEETING MINUTES FOR
JANUARY 19, 2017**

Call to Order:

The San Luis Obispo Local Agency Formation Commission meeting was called to order at 9:00 a.m. on Thursday, January 19, 2017 in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo, California by Vice-Chairman Marshall Ochylski

Pledge of Allegiance: Led by LAFCO Executive Officer David Church

Roll Call:

Present: Vice-Chairman Marshall Ochylski, Commissioners Robert Enns, Roberta Fonzi, Bruce Gibson, Ed Waage and Alternate Commissioners Ed Eby and Heather Jensen

Absent: Commissioner Tom Murray and Alternate Commissioners Adam Hill and Jamie Irons

Staff: David Church, LAFCO Executive Officer, Raymond A. Biering, LAFCO Legal Counsel, Mike Prater, LAFCO Senior Analyst, Donna J. Bloyd, LAFCO Commission Clerk

Approval of Minutes: **Commissioner Fonzi** moved approval of the Minutes for December 15, 2016 with no changes or corrections. **Commissioner Gibson** seconded the motion.

The motion passed with a unanimous voice vote.

Election of the Chair and Vice-Chair:

Commissioner Gibson moved that **Vice-Chairman Ochylski** be elected as LAFCO Chairman for 2017.

Commissioner Fonzi seconded the motion.

AYES: Commissioners Gibson, Fonzi, Enns, Jensen and Waage

NAYS: None

ABSTAINING: None

The motion for a new Chair passed with a unanimous roll call vote.

Commissioner Gibson moved that Commissioner Waage be elected as LAFCO Vice-Chairman for 2017.

Commissioner Fonzi seconded the motion.

AYES: Commissioners Gibson, Fonzi, Enns, Jensen and Chairman Ochylski

NAYS: None

ABSTAINING: None

The motion for a new Vice-Chair passed with a unanimous roll call vote.

Vice-Chairman Ochylski was selected by the Commissioners as the Chairman for 2017.

Commissioner Ed Waage was selected as the 2017 Vice-Chairman.

Non-Agenda Public Comments:

Greg Grewal. Mr. Grewal Spoke about LAFCO's mission statement, the rules for forming a GSA, and various topics concerning the formation of water districts, GSAs and SGMA.

LAFCO Legal Counsel, Raymond Biering, suggested that Mr. Grewal meet with LAFCO Executive Officer, David Church, to discuss urban sprawl.

Mr. Church stated that LAFCO's mission in in regard to urban sprawl is associated with urban areas. Rural sprawl is known to occur in unincorporated areas where LAFCO often does not have jurisdiction.

Consent Agenda:

Item A-1: Second Quarter Budget Report - Fiscal Year 2016-17

There were no questions or comments from the public or Commissioners regarding this item.

Item A-2: SDRMA Underwriter Approval for Ancillary Benefits for SLOLAFCO

There were no questions or comments from the public or Commissioners regarding this item.

Commissioner Fonzi moved that the Commission approve the resolution and Memorandum of Understanding between SDRMA and SLOLAFCO.

Commissioner Gibson seconded the motion.

The motion was approved with a unanimous voice vote.

Informational Matters:

Item B-1: Study Session: Formation of the Estrella-EI Pomar-Creston Water District

Mr. Church presented this item by discussing the status of the boundaries, funding and budgeting, and powers and functions in regard to the formation of the Estrella-EI Pomar-Creston Water District (EPC).

Mr. Church summarized and compared the two water districts that are being formed (Shandon-San Juan and EPC) stating that EPC has a higher percentage of irrigation users and that the parcel sizes are smaller in the EPC.

Mr. Church introduced Carolyn Berg, San Luis Obispo County Department of Public works, who spoke about new state laws regarding water, implementing SGMA and how communities can work together to form GSAs.

Ms. Berg spoke at length about the Groundwater Sustainability agencies and SGMA landowner-driven entities forming by December 31, 2017 and reminded the Commission that the Paso Robles Basin must form a GSA by June 30, 2017. The GSA must cover the entirety of the Paso Robles Basin the State of California could regulate the Basin under SGMA.

Mr. Church stated that LAFCO has the ability to determine the powers of a water district. He then discussed the powers of a GSA.

Ms. Berg as well as **Mr. Church** responded to questions from the Commission regarding funding a water district, potential extensions of time for holding a 218 vote, the possibility of a water district being a “checkerboard” district and the significance of that possibility.

Commissioner Fonzi asked about the Proposition 218 vote and why it was not being run concurrently with the formation of the Water District and what the process would be if the landowners were not happy with the Water District after it had been formed.

Mr. Church responded to her questions.

Mike Prater, LAFCO Senior Analyst provided maps showing the Shandon-San Juan Water District and the possible EPC Water District overlying the Paso Robles Basin.

The efforts of San Luis Obispo County (County) toward SGMA compliance were discussed by **Mr. Church** and **Ms. Berg**.

Public Comment:

Greg Grewal. Mr. Grewal spoke about California State Groundwater Elevation Monitoring program, pumping water out of basin wells, agricultural ponds, beneficial uses of water and the number of people living in the potential Water District area who do not wish to opt-in to the Water District. In general Mr. Grewal is opposed to the formation of the Water District.

Dana Merrill, Chairman of the EPC Formation Committee. Mr. Merrill stated that it was gratifying to see the number of landowners who had opted-in to the Water District and that the EPC was similar in structure to the Shandon-San Juan Water District. He stated that this Water

District is a “coalition of the willing” with something for everybody.

Jerry Reaugh. Mr. Reaugh stated that forming the EPC was the best way to manage the Basin and that management equals cooperation among people interested in forming the EPC and creating the GSA. He also indicated that the landowners were spending their financial resources to form the Water District.

Commissioner Gibson stated that he saluted the EPC Formation Committee for its tenacity and indicated that he would like to some information made available along with a map of the EPC area and who the members of the “coalition of the willing are.

Commissioner Enns had questions regarding who had authority over all of the GSAs and who would coordinate the GSAs.

Ms. Berg responded to his questions and stated that the State was the “backstop” in the GSA process and that the State would intervene if the GSP is not approved by the State.

There were additional questions and comments from the Commissioners regarding basins throughout the County and who would manage the areas in which people did not opt-in to a water district.

Vice-Chairman Waage stated his concerns that there could become a “Balkanization” in the Basin and stated that he hoped that there would be cohesion among the landowners regarding the Water District.

Vice-Chairman Waage was also concerned about there being too many jurisdictions managing the Basin.

Item B-1 was a receive and file item. Chairman Ochylski stated that it was received and filed.

Item B-2: LAFCO Annual Report for 2016 and Work Plan for 2017

Mr. Church and **Chairman Ochylski** took this time to welcome **Alternate Public Commissioner Heather Jensen** to the Commission. **Alternate Commissioner Jensen** was sitting in place of **Commissioner Tom Murray**.

Mr. Church began his presentation with a look back at 2016, “a productive year”. He continued by thanking **LAFCO Commission Clerk, Donna Bloyd**, for her awesome work on behalf of the LAFCO office and the Commission as well as also **Mike Prater, LAFCO Senior Analyst** for his excellent skills in critical thinking, creating analyses, and creating maps on demand.

Additionally Mr. Church thanked **LAFCO Legal Counsel, Ray Biering** for his experience, commitment, sound legal advice and wise counsel.

Mr. Church discussed some highlights of 2016, including the “Most Effective Commission” award given to SLOLAFCO at the CALAFCO Annual Conference.

Mr. Church continued by discussing the goals for 2017 and discussing items that would, potentially, come before LAFCO in 2017.

There were positive comments from the Commissioners regarding this item.

Mr. Prater presented the Work Plan for 2017 and provided the Commission with an overview of the SPO Update/MSR program

Public Comment: None

Commissioner Gibson moved to receive and file the Annual Report and approve the Work Plan for 2017.

Vice-Chairman Waage seconded the motion.

The motion passed with a unanimous voice vote.

Item B-3: Status Report: City of Morro Bay Sphere of Influence/Municipal Services Review

Chairman Ochylski recused himself from hearing this item since he is involved with a property owner outside of the Morro Bay Sphere of Influence.

Vice-Chairman Waage chaired the meeting for this item. **Alternate Special Districts Commissioner Ed Eby** sat in **Chairman Ochylski's** place for the item.

Mr. Prater presented this item discussing the recent activities in the process of updating the City of Morro Bay's (City) Sphere of Influence Update/Municipal Services Review (SOI Update).

Mr. Prater stated that the Public Draft of the SOI Update had been released for a 45-day review period on January 12. The review period will end on February 27.

He added that the City and County staffs are working on revisions to a Memorandum of Agreement.

Mr. Prater summarized the SOI/MSR process for Commissioners and members of the public who might not be aware of the process.

There were questions and comments from the Commissioners regarding the Chevron/Texaco properties, Rancho Colina, the City's General Plan update and the possibility of leasing or selling the Tri-W property.

Public Comment:

John Maino. Mr. Maino spoke about his property which borders property on which the City wants to build a water reclamation plant. Mr. Maino stated that some proposed structures were within 100 feet of his property. His fear was that the City would add structures and uses on the property that would interfere with his business.

Commissioner Jensen had questions about the SOI/MSR to which **Mr. Prater** and **Mr. Church** responded.

Item B-3 was a receive and file item. Chairman Ochylski stated that it was received and filed.

Regular Matters:

Item C-1: Consider selecting an Accounting Firm to complete the LAFCO Annual Audit for FY 2015-16

Mr. Church began discussion of this item by stating that the Commission had directed LAFCO staff to release a Request for Proposals (RFP) in search of an accounting firm to conduct an annual audit for SLOLAFCO. A list of 29 accounting firms was prepared and the RFPs were mailed on October 26, 2016 with a closing date of December 9, 2016.

Three accounting firms responded to the RFP:

Moss, Levy & Hartzheim
Fechter and Company
Brown & Armstrong

Mr. Church discussed the pros and cons of each firm and stated that he believed that Brown & Armstrong would best fit SLOLAFCO's needs.

There were comments from the Commissioners to which **Mr. Church** responded.

Public Comment: None

Commissioner Gibson moved that Mr. Church and Mr. Biering sign a letter of engagement or contract with Brown and Armstrong.

Vice-Chairman Waage seconded the motion.

The motion was unanimously approved with a voice vote.

Item C-2: Consider Amending the Fee Schedule to include a reduced processing fee for those landowners wanting to be annexed into the Opt-in Water District

Mr. Church described the reasoning for suggesting a change in the SLOLAFCO fee schedule for the two potential California Water District formations. He broke down the costs under the current fee schedule and demonstrated the current significant cost for large landowners. Since the average parcel size in the Shandon-San Juan Water District is 306 acres, this could cause a hardship to landowners who might want to opt-in to the Water District.

Mr. Church recommended changing the fee schedule to reduce the fees to landowners who want to annex in to a California Water District.

Current Fees (100 acres)		Suggested New Fees	
Sphere of Influence Amendment:	\$3,500	Sphere of Influence Amendment:	\$1,000
Annexation:	\$5,000	Annexation:	\$2,000
CEQA:	\$500	CEQA:	\$500
\$10/per acre fee:	\$800	\$10/per acre fee:	none
Total Initial Fees:	\$9,800	Total Initial Fees:	\$3,500

This amended fee schedule would apply only to landowners who would like to be annexed into a water district. The applicants for annexation would still sign a cost accounting/indemnity

agreement.

Mr. Church also indicated that the Commission could amend the new fee schedule at any time.

He added that this new fee schedule could encourage the grouping of parcels.

There were questions and comments from the Commissioners regarding the proposed new fee schedule.

Mr. Church responded to the Commissioners' questions.

Public Comment: None

Commissioner Gibson moved to approve the proposed amendment to the LAFCO fee schedule for the California Water Districts that are formed.

Vice-Chairman Waage seconded the motion.

The motion was unanimously approved with a voice vote.

Commissioner Comments: None

Legal Counsel Comments: None

Executive Officer Comments: None

Adjournment: With no further business before the Commission, the meeting adjourned at 10:49 a.m. until the next meeting of the Commission in the Board of Supervisors Chambers at the County Government Center in San Luis Obispo.

THESE MINUTES ARE NOT OFFICIAL NOR ARE THEY A PERMANENT PART OF THE RECORD UNTIL THEY ARE APPROVED BY LAFCO COMMISSIONERS AT THE NEXT REGULAR MEETING.

Respectfully submitted,
Donna J. Bloyd, LAFCO Commission Clerk